

Senator William Stouffer, Chairman  
Senator Victor Callahan  
Steve Reintjes, MD  
John Stanley, MD  
David Carpenter



Representative Robert Schaaf, MD  
Representative Curt Dougherty  
Lancer Gates, DO  
Gloria Solis, RN, MSN, MBA

## Health Care Stabilization Fund Feasibility Board

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Healthcare Stabilization Fund Feasibility Board  
Friday, June 15, 2007

Meeting Minutes

**Call to Order:** The meeting was called to order at 12:30pm.

**Board Members in Attendance:** Senator William Stouffer (Chair), Senator Victor Callahan, Representative Curt Dougherty, Representative Robert Schaaf, Dr. Lancer Gates, Dr. Steven Reintjes, Dr. John Stanley, Gloria Solis, RN, David Carpenter

**Others in Attendance:** Dianna Pell, Unni Mundaya, Susan Schulte, David Cox

**Materials:** Handouts included PowerPoint slides titled "Geographical Distribution of Physicians and Surgeons in Missouri," powerpoint slides titled "Personal Lines Rate Standards," and letterhead options for the board.

**Approval of Minutes:** A motion was made by David Carpenter and seconded by Dr. Gates to approve the minutes from the March 16 board meeting, with all in favor.

**Geographic Distribution of Doctors in Missouri:** The PowerPoint slides were distributed. David Cox asked the board members if the numbers looked accurate. Dr. Reintjes said the information on the slides (which was provided by the AMA) showed a lot more neurosurgeons for the state than the number that are actually practicing in Missouri. Dr. Gates said the AMA data does not include osteopaths. Rep. Schaaf asked whether the Division of Professional Registration had records of who was practicing and who was retired. Unni Mundaya said a lot of specific information from Professional Registration is not available in an electronic format. Rep. Schaaf asked if the department could put resources into getting this data compiled electronically. Dr. Stanley said the additional information on licensure applications is voluntary, and therefore it may be impossible to get complete data. Gloria Solis said the Board of Nursing makes all the responses mandatory.

Sen. Callahan asked if the department had looked at other states and their ratios of doctors per

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1,000 residents. Unni Mundaya said he had compared Missouri's statistics to the country as a whole and found many similarities. David Carpenter reminded the group that the information was incomplete so decisions should not be based on it. Sen. Stouffer explained the purpose behind the research the department is working on, and recapped the discussion from the previous meeting. Dr. Reintjes said it is hard to drill down numbers for physicians since they may practice at multiple offices, including offices in Kansas. Unni Mundaya said the Professional Registration database is complete, but does not include specialty fields. Susan Schulte asked if the information includes whether or not a licensee was retired. Dr. Stanley said there should be some distinction, because a retired license costs less to renew. Susan Schulte said staff will go back to the Division of Professional Registration to find out what information is available.

**Information DIFP will be gathering on the medical malpractice insurance market:** David Cox said there will be a closed claim database for public policy uses. It cannot be used for rate setting. Rep. Schaaf asked if the data used for ratemaking will be available. David Cox said the department is working on it.

David Cox said market regulation data will be compiled for physicians and surgeons, detailed by county, specialty, coverage purchased, etc. The data collected will help answer the group's questions identified so far. Rep. Schaaf asked why the proposed rules on data collection only pertain to \$1 million to \$3 million in coverage. David Cox said the market data will be a snapshot of the market in order to provide real-time information for doctors. It would be impractical to examine all coverages, so it is best to provide information on the most common coverages.

On the ratemaking data, Rep. Schaaf asked if actuary firms that set rates for multiple companies would have more complete information. David Cox said the problem is that the data may not be complete, uniform, or public. Instead the information is likely proprietary and could be highly specialized. Statewide ratemaking data would be much more complete and uniform, and would be available to everyone in order to stabilize the market.

The risk reporting categories do not include self-insureds because they do not pay premium. The categories do not include hospitals, either. Sen. Stouffer said the hospital data could be useful. David Cox said the hospitals are still reporting in closed claims, but collecting uniform data from them may be very difficult. Sen. Stouffer asked what percentage of the Missouri market is self-insured. David Cox said the issue is priority – the focus seems to be on physicians and surgeons, not hospitals. Susan Schulte said the department can query hospitals to determine which are self-insured, which insure their physicians and how many physicians each insurers. Sen. Stouffer said in the Kansas model, everyone has to be involved so risk is spread across many insureds. In Missouri, the hospitals do not want to participate so a lot of providers are taken out of the pool. Sen. Stouffer also said the board or the department could talk with the Kansas Stabilization Fund to find out how they procured the information they needed. Rep. Schaaf suggested that another category be “consent to settle.”

On merit rating, Senator Stouffer asked if past occurrence is valid as a predictor of new occurrences. Dr. Reintjes said there was a study done at Vanderbilt University that said it is a reasonable predictor. Dr. Gates warned that one must be careful to compare physicians with

others with similar experiences such as population served, caseload, etc. Dr. Reintjes pointed out that personal behavior does make a difference in claims experience.

The premium and exposure data is not policy-by-policy due to the level of detail necessary. A policy is a string of transactions such as payments, policy changes, etc. In order to create uniform information, major changes would have to be made in the reporting system.

Dr. Reintjes commented that the data collection will be very valuable. Sen. Stouffer agrees – Kansas had complete data for the past 30 years. Complete information makes the market much more competitive.

Sen. Stouffer asked when data collection will start. Rep. Schaaf said it would start once the rule is approved by JCAR. There is a hearing August 2, then the rule needs to be adopted. Ratemaking data will be collected annually. The first data is due March 2008.

### **Discussion by the board**

Dr. Gates reported on information requested at the last meeting in relation to physicians living in Kansas but practicing in Missouri. Currently, Missouri physicians represent about 20% of the Kansas stabilization fund's costs, so the fund decided to raise its surcharge for Missouri physicians.

#### **Next meeting/Future topics:**

- Who is practicing in Missouri and where? How many Missouri physicians live in Kansas?
- What is the comparison between the change in number of physicians in 2002-2004 and 2004-2006? Is the market stabilizing? What about change in total premiums paid? Has that increased or decreased from 2002-2004 to 2004-2006?
- Of medical malpractice claims filed prior to the 2005 effective date of tort reform, how many were paid and how many were dismissed immediately? Are frivolous lawsuits less common since the enactment of tort reform?
- In comparing the AMA data to reality, could the department use two counties (Clay and Platte); do some research and get the total number of physicians and specialty breakdown for those two counties, and compare it to the AMA data? Each hospital has a list of doctors associated with the hospital and referral doctors.
- What kind of data is already available and usable? What other work needs to be done to existing data to make it usable (i.e. entering into a database, etc.)? How difficult would it be? How much time would it take?
- Can the board conduct a survey of providers to see how much malpractice insurance rate pressure there is, where it is, who wants a stabilization fund, and who is uninterested? It is something the board could do while it is waiting for the data collection reports. The board needs to decide the questions and identify the market for the survey.
- Of the hospitals, which hospitals are self-insured? Are the doctors employed by them covered? What is their retention rate?

Sen. Callahan said the board needs to think about the problem of excluding hospitals from data collection. 40% of the market will not be participating. Perhaps state law needs to be changed.

Sen. Stouffer said the data will be very important. He also pointed out that a big difference between Kansas and Missouri is that Kansas has a Homestead Act, making it an even more attractive place in which to live as a physician.

Rep. Schaaf asked if the stabilization fund in Kansas is assessable. Dr. Reintjes said yes, but the assessment is on 8000 providers, so assessments are typically small. Susan Schulte said that if participation in the fund in Missouri is voluntary, it will be much harder to assess members, and the assessments will be higher. Sen. Stouffer said a voluntary fund simply will not work. Rep. Schaaf said the board needs to know how many doctors go bare right now in Missouri.

Senator Stouffer's office maintains a Health Care Stabilization Fund website, which can be used to post meeting agenda, minutes, and materials. The department staff just needs to contact the office.

The board adopted letterhead #5 as its letterhead.

**Next Meeting:**

The next meeting of the board will be on Friday, September 28, again at noon at the North Kansas City Hospital.

The meeting adjourned.